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Central Intelligence Agency

Office of the Deputy Director for Intelligence

7 July 1986

NOTE FOR: RAdm. Thomas A. Brooks, USN
Deputy Director for JCS Support
The Pentagon

Attached are the memos that I mentioned
during the warning meeting last week.



Richard J. Kerr
Deputy Director for Intelligence



Central Intelligence Agency
Office of the Deputy Director for Intelligence

7 July 1986

NOTE FOR: Richard Clarke
Deputy Assistant Secretary
for Regional Analysis, INR
Department of State

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Richard J. Kerr
Deputy Director for Intelligence



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Central Intelligence Agency

Washington, D.C. 20505

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Southern Africa: Economic Vulnerabilities

South Africa dominates a regional economic network that provides significant economic benefits to all of its neighbors except Angola. Pretoria has made clear that it will not hesitate to use its economic muscle to retaliate against neighboring black countries should economic sanctions be imposed against South Africa by the West. In our judgment, the threat is credible and would cause considerable economic dislocation and hardship on regional economies while having only a minor impact on South Africa's economy. Neighboring black states have no ready or economically feasible alternatives to their dependence on Pretoria, and almost certainly would turn to the West, particularly the US, for relief.

South African Regional Economic Leverage

South Africa and its neighbors have forged a network of regional economic ties that include transportation links, trade, investment, and a substantial flow of migrant labor. According to Embassy reporting, official publications and open source information:

- South Africa has 75 percent of the region's rail network and the most efficient ports making transportation Pretoria's greatest source of economic leverage over its neighbors.
- About 350,000 workers from the neighboring states are legally employed in South Africa. One estimate also indicates that between 200,000 and 700,000 illegal migrants work in South Africa. Remittances from these workers are estimated to support an additional 3 million people in neighboring countries. During 1984, official data showed that the 195,000 foreign black workers employed in South African gold and coal mines remitted over \$200 million to their countries of origin through savings programs run by the mining companies.
- Most southern African states rely on South Africa for chemicals, petroleum, machinery, finished consumer goods, grain and other foods, although trade has declined recently.

This paper was prepared by [redacted] Southern African Branch,
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